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23 AUG 1957

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Personnel Ceilings

This memorandum submits recommendations for approval of the Deputy Director (Support). Such recommendations are contained in paragraph 5.

1. PROBLEM:

To adjust the Agency's personnel strength to ceiling.

2. FACTS BEARING ON THE PROBLEM:

- a. The total personnel ceiling for the Agency for fiscal years 1958 and 1959 is [] (Tab A)
- b. On-duty strength as of 16 August 1957 was [], representing an excess above ceiling of []. Not included in these strength figures, but countable for Government reporting purposes, are 4 employees detailed to other Federal agencies and 10 currently absent--but in pay status--for external training.
- c. Deputy Directors have been requested to take action to bring personnel strengths to the ceiling levels established for their components.

3. DISCUSSION:

- a. Reduction of personnel strength may be accomplished by: (a) invoking formal reduction-in-force procedures, (b) instituting a selection-out program devised to remove employees whose performance is marginal or sub-marginal, (c) accelerated retirement of eligible personnel, (d) personnel attrition accompanied by a drastically reduced ratio of replacements, or (e) combinations of the foregoing.
- b. Reduction of personnel pursuant to the formal Government reduction-in-force procedures involves a relatively impersonal, rigid mechanism which determines the employees to be separated on the basis of such factors as veteran status and length of Federal service. Relatively minor weight is allowed for quality of employee performance. Consequently, this system not infrequently results in the elimination of valuable employees and the retention of individuals whose contribution is routine or even mediocre.

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- c. The elimination of personnel whose service is less than satisfactory should be a continuing aim of Agency personnel policy. It assumes greater significance when personnel reductions are required. Specific proposals for putting into effect procedures for a regular program of selecting out this category of employees were recently submitted by the Director of Personnel (Tab B). The implementation of these recommendations would, of necessity, proceed on a deliberate pace, and in accordance with a series of prescribed steps. Despite the most judicious administration of a selection-out program it may reasonably be expected that strong resistance will be developed by the individuals selected out. From past experience with involuntary separations it can be anticipated that numerous external sources will intervene in behalf of the persons directly affected, and that at least some concern will be generated among the general body of Agency personnel. Accordingly, it must be recognized that the quantitative effects of a systematic selection-out plan might not be immediately substantial.
- d. The Civil Service retirement system provides for "discontinued service" annuities for personnel involuntarily separated if (1) they are age 50 and have completed 20 years' service [5 years of which must be civilian], or (2) regardless of age, if they have completed 25 years of service [5 years' civilian mandatory]. Accordingly, with respect to personnel in the foregoing groups who are separated from the Agency for such reasons as are in the best interest of the Agency, regular retirement annuities are immediately available. It is presumed that these "accelerated retirement" separations would be under the authority conveyed by Section 102(c) of the National Security Act of 1947. Because of the average age level of the Agency's personnel (37.7 years), this alternative will probably have limited application.
- e. The preponderant attrition sustained by the Agency (73% of all separations) occurs in the GS-8 and below category. Hence, reduction of personnel accomplished solely by attrition would require discontinuing a major portion of the Agency's present rate of intake for such appointees. This method would succeed in bringing the Agency strength into alignment with the ceiling. As shown in Tab C, Agency strength would reach and fall below the ceiling during October 1957 if no appointments were made during September and October 1957. Tab C also reflects the number of subsequent monthly appointments which could be approved as replacements for separations in order to hold to the ceiling on an average fiscal year employment basis. The Agency would experience an acute clerical shortage during the rest of the fiscal year if this plan were adopted. Tab D reflects the appointment rate which would have to be established to maintain an average employment rate at the ceiling level for the fiscal year, on the assumption that all personnel now in clearance processing (allowing for normal cancellations)

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would be entered on duty. If approached in this way, the problem of clerical scarcity would be largely deferred until after December 1957. Tab E presents another alternative, namely to appoint personnel to positions in the clerical grades on a one-for-one replacement basis, thereby necessitating a systematic forced separation (with no replacements) each month among GS-7's and above to the extent of an average of 20 persons (the normal attrition in this group is 64 monthly; the total monthly separation would have to average 84 for GS-7's and above in order to achieve an average employment at the ceiling level for the entire fiscal year).

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- f. Sharp curtailment or temporary cessation of recruitment of clerical personnel involves the danger of returning the Agency to the former perennial difficulties of inadequate clerical support. Unlike the professional and semi-professional types, recruitment of clerical employees deals with a relatively volatile segment of the employment market. In the absence of actual appointments, applicants for clerical positions are more often than not lost to other hiring activities (not requiring pre-employment investigation) during the time required for Agency clearances. These difficulties have been overcome by the Agency through the device of temporary appointment and assignment of clerks awaiting clearances, to the
 - g. An allied consideration is the effect upon future recruiting procedures if clerical recruitment is halted. The characteristics of the recruiting process (strong reliance upon contacts developed in local areas, and confidence generated by the recruiter among the principal sources) are such that a considerable volume of productivity is sacrificed until the former ground is subsequently recovered when recruitment is resumed.
 - h. If Agency policy contemplates generally full staffing (i.e., practically all ceiling positions filled), it is necessary to:
 - (1) initiate clearance processing on the basis of predictable personnel losses, in lieu of developing recruitment only after positions are vacant, or about to become vacant; and
 - (2) in the case of clerical personnel, to recognize the necessity for holding applicants in an actual employment status pending their clearance and availability for formal assignment to a regular ceiling position.
 - i. The procedures in paragraph h.(2), above, involve obtaining and using ceiling authorization to accommodate the appointment of personnel for

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interim hire pending clearance. The number of such authorizations utilized would vary during a single year, since the recruitment of clerks responds to considerable seasonal fluctuation (high during summer months, low during winter). The present ceiling of the [] [] Over and above this amount, an authorization for [] hires (total [] would permit the recruitment of clerical personnel at a rate sufficient to staff the bulk of the Agency's regular clerical positions on a timely basis. On the other hand, if this authorization for supplementary hire of interim clerks were to take the form of a fiscal year average monthly strength, then an increase of [] above the existing [] [] ceiling would be required (since the average [] monthly strength over the 1958 fiscal year is estimated to be []). (Tab F reviews the strength of [] during the past year and projected strength for the current fiscal year.)

- j. As an alternative, to insure an adequate supply of clerical personnel and at the same time maintain the Agency's overall ceiling, an internally established personnel limit might be devised which, when combined with a limit imposed upon the number of clerical personnel on interim appointments (awaiting clearances) would not exceed the Agency ceiling total []. Based on current experience a total of [] ceiling spaces should be reserved for interim clerical appointees if this plan were adopted. Inherent in this alternative, however, are difficulties which render it impracticable. Thus,
 - (1) a very sizeable block of ceiling positions required for regular substantive and support activities would be used solely to accommodate interim appointees;
 - (2) the number of interim appointments is subject to great seasonal variation, and therefore portions of such regular ceiling would often go unused; and
 - (3) a large personnel reduction would have to be made to attain the internal limit established to set this plan in effect.
- k. As a collateral consideration, Agency policy governing ceiling count should be brought into alignment with Government requirements as to categories of personnel covered by ceiling limits. For example, personnel participating in external training activities are not included under present Agency policy in the ceiling count; however, in terms of complying with Bureau of the Budget procedures for ceiling control it is necessary to include these employees (who are on full pay status) within the ceiling limit.

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4. CONCLUSIONS:

- a. Formal reduction-in-force procedures should not be resorted to in order to adjust personnel strength since this mechanism fails to segregate our personnel assets on the basis of individuals who are most effective from those less so.
- b. The adoption of a program of selection out of substandard employees (and accelerated retirement of older, annuity eligible employees whose contributions are of limited value) should have special priority, at the same time recognizing that the volume of personnel affected will probably not immediately result in the reduction required to achieve the ceiling level.
- c. Reduction of personnel to ceiling by attrition (and concomitant curtailment or suspension of appointments) would result in a scarcity of clerical personnel, since attrition principally occurs in this category. However, if clerical attrition only is replaced, the attrition in the higher grades would not bring the Agency to an average annual employment at the ceiling level, and additionally there would be required the involuntary separation each month during the rest of the fiscal year of 20 persons in GS-7 and above.
- d. Since the pattern of clerical personnel procurement is such that almost all persons recruited must be offered actual employment pending clearance processing, full staffing to the Agency's regular ceiling authorization requires a supplementary authorization for such interim processing appointments.

5. RECOMMENDATIONS:

- a. That adjustment of the Agency's personnel strength to its ceiling be accomplished as follows:
 - (1) Accelerated retirement of those annuity eligibles whose performance reflects diminishing quality.
 - (2) Selection out of personnel whose service is marginal or sub-marginal in accordance with procedures outlined in Tab G.
 - (3) Attrition of personnel, except in the clerical categories.
 - (4) Personnel terminated under the foregoing categories would not be replaced until this could be done within the ceiling established for the Agency component concerned; specific

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positions vacated in each case can be filled by internal adjustments (transfers).

- b. Authorization be obtained from the Director for the Agency to supplement its regular ceiling with such additional personnel appointments (not to exceed ☐ at any time or ☐ on the basis of an annual average strength) as are required to hold sufficient clerical individuals (during clearance processing) for assignment to regular ceiling vacancies on the basis of known and regularly recurring turnover rates among the clerical grades.
- c. In order to align Agency strength and ceiling consistent with Bureau of the Budget requirements, all regular employees on the payrolls of the Agency and all military personnel assigned to the Agency will be included and charged against the Agency ceiling.

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Acting Director of Personnel

CONCUR:

Comptroller

Date

The recommendations in paragraph 5 are APPROVED:

L. K. WHITE
Deputy Director (Support)

Date

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